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July 9, 2003

Mary L. Cottrell, Secretary
Massachusetts Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

And electronically to:
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michael.killion@state.ma.us

RE: Inquiry DTE 03-62

To whom it may concern:

The MA Department of Environmental Protection (DEP) appreciates the opportunity to comment on DTE's investigation into the use of the New England Power Pool Generation Information System (GIS) for purposes of complying with Massachusetts' disclosure regulations. DEP supports DTE's proposal to issue guidance to competitive suppliers and distribution companies on the use of GIS, based upon the results of this inquiry.

The Department strongly supports disclosure rules as a mechanism to provide consumers with information to help with their electricity purchasing choices. DEP supports DTE's proposal to require suppliers to use GIS to determine the supplier- and product-specific resource mix, environmental characteristics and unionized labor information (i.e., "attributes") of the generation sources that produce the electricity sold to Massachusetts consumers.

As you are aware, all the New England states have worked together to implement a tracking system to enable electricity generators and suppliers to consistently, accurately, and economically document electricity characteristics that are subject to a variety of labeling laws in the various New England states. GIS is intended to provide a flexible base that all New England states can use for determining compliance with attribute requirements and was created with the understanding that states would be requiring the system for requirements such as disclosure. GIS relies on New England Independent System Operator (NE ISO)-supplied megawatt hours (MWh) of generation and facility-supplied fuel mix, air emissions and unionized labor information to produce supplier-specific reports that document compliance with emissions-related labeling laws. In GIS, a "certificate" is created for each MWh tracked in NE ISO's

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market settlement system, and is marked with the fuel mix, air emissions and unionized labor information associated with generation of that MWh.

DEP's responses to specific issues DTE seeks comment on are below.

1. DTE requested comments on the proposal that GIS data be "the sole basis for the fuel source, emissions and labor information included on...disclosure labels."

Having multiple sources of attribute data would indeed be of concern to DEP, because use of more than one source of information could result in a single environmental attribute being used by two different suppliers. DEP encourages DTE to make GIS the sole basis of *supplier-disclosed* fuel source, emissions and labor information; however, at the present time, a GIS report is not available for the *regional average* fuel source, emissions, and labor information used on the disclosure label. Currently, the regional average fuel source and emissions data are determined by DEP from the US Environmental Protection Agency's EGRID software, and this information is supplied to DTE. DEP suggests that DTE require GIS to be the source of supplier-disclosed information on disclosure labels, but that until a GIS report is available containing accurate regional average information, an alternate source of regional average information be allowed. New England state regulators have already begun working with the GIS Administrator on implementing a quarterly regional average attributes report.

2. DTE requested comments on the transition to GIS, including when to begin using GIS, and whether it would be appropriate to grant a short-term exception to the requirement to base disclosure on twelve months of data.

DEP suggests that the second quarter of 2003 (for which certificates will be created on October 15, 2003) be the first quarter in which the use of GIS data is required. GIS Operating Rules changes were approved in June 2003 that will improve the accuracy of the emissions data. These changes will be implemented in the second quarter of 2003, and therefore, the second quarter 2003 emissions data are expected to be of higher quality than the first quarter 2003 emissions data.

DEP believes it would be reasonable to grant a short-term exception to the requirement to base disclosure on twelve months of data, during the first three calendar quarters of the transition to GIS. Thus, the first calendar quarter's label derived from GIS would be based on 3 months of data, the second calendar quarter's label would be based on 6 months of data and the third calendar quarter's label would be based on 9 months of data. The alternative would be to somehow average GIS data with the attribute data that suppliers are currently using. Suppliers have indicated that labels they have already mailed to customers contain recent attribute data, such that using an average of GIS and previous labels would result in double counting of an attribute on a single label. It is preferable to grant a short-term exception allowing labels to be based on fewer than twelve months of data, during the first three calendar quarters of the transition to GIS. As discussed at the July 2, 2003 technical session on this inquiry, attempting to explain this transition issue on the label itself is likely to be confusing to the consumer, and therefore DTE should consider not requiring suppliers to explain this issue on the label.

Alternatively, DTE could write general language that all suppliers would use until twelve months of data are being used on the label, e.g., "MA DTE is requiring suppliers to use regionally based data for this label. The transition to that data began with the second calendar quarter of 2003 and will be continuing until four quarters of data are used to determine the label, after which your disclosure label will be based on the most recent four quarters of data."

3. DTE requested comments on its proposal to require the annual reports that must be submitted to DTE by suppliers to consist of GIS reports and some verification of sales by product.

DEP strongly supports the idea of requiring submittal of GIS reports. Indeed, MA Division of Energy Resources (DOER) is using the same approach in implementation of the Renewable Portfolio Standard regulation. DEP also intends to be as consistent as possible with DTE and DOER in implementation of future Generation Performance Standard regulations, in order to allow the simplest and most economical procedures for suppliers.

DEP is aware that DTE and DOER are working with suppliers on options to allow verification of sales, and encourages development of a simple and economical process.

4. During the technical session on July 2, 2003, the issue was raised of whether to list all 44 GIS fuel categories on disclosure labels, or to group the fuel categories.

DEP suggests that DTE provide guidance to suppliers on this issue. For example, the required minimum twelve fuel categories listed in DTE's disclosure regulations at 220 CMR 11.06(2)(d)4.b. could be matched up to the 44 GIS fuel categories as listed in the table below.

Fuel Sources from 220 CMR 11.06(2)(d)4.b.	Fuel Sources from GIS Operating Rules Appendix 2.4 Part 1
Biomass	<ul style="list-style-type: none"> ?? Biodiesel: 100% neat ?? Biodiesel: Less than 100% neat ?? Biomass: Sustainable beginning operations on or after July 1, 1998 ?? Biomass: Low-emission, advanced biomass power conversion technology using Eligible Biomass Fuel ?? Biomass: Other Biomass (_____) ?? Biomass: Sustainable with operations prior to July 1, 1998 ?? Ethanol ?? Methanol ?? Wood
Coal	Coal
Hydro-large (>30 MW)	<ul style="list-style-type: none"> ?? Hydro-100 MW or greater ?? Hydro-greater than 30 MW but less than 100 MW
Hydro-small	<ul style="list-style-type: none"> ?? Hydroelectric/ Hydropower: Hydroelectric facility which has been licensed by FERC, has been exempted from such licensure, is the subject of a license application or notice of intent to seek a license from the FERC, has been found by the Connecticut Commissioner of Environmental Protection to be operating in compliance with the federal Clean Water Act, or has been found by the Canadian environmental assessment agency to be operating in compliance with said agency's resource objectives ?? Hydro-small (30 MW or less) ?? Hydro-daily cycle ?? Hydro-weekly, with pondage ?? Hydro – Other (_____) ?? Pumped Storage

Imports	Report specific fuel source, as listed on certificate
Municipal trash	?? Municipal solid waste: in conjunction with recycling ?? Municipal solid waste: clean construction debris ?? Municipal solid waste: clean demolition debris ?? Municipal solid waste: other ?? Trash-to-energy
Natural gas	Natural Gas
Nuclear	Nuclear
Oil	?? Diesel ?? Jet ?? Oil ?? Waste Oil
Other Renewable Resources (including fuel cells utilizing renewable fuel sources, landfill gas, and ocean thermal)	?? Digester gas ?? Fuel cell: Utilizing renewable fuel sources ?? Geothermal ?? Landfill gas: 100% Landfill gas ?? Landfill gas: ____% Landfill gas ?? Ocean: Thermal ?? Ocean: Wave ?? Ocean: Tidal
Solar	?? Solar: Thermal ?? Solar: Photovoltaic
Wind	Wind

Four GIS fuel categories (1. Composite, 2. Efficient Resource (Maine), 3. Fuel cell: Utilizing Eligible biomass fuel, landfill or digester methane gas or hydrogen created through the use of Non Renewable Generation Landfill methane gas collected and conveyed directly to generation facility, and 4. Fuel cell: Other) are missing from the table above because they are not easily matched to DTE's fuel categories. DTE could require certificates listing Composite to be listed on the label using an arbitrarily selected category, such as oil. The second category, Maine efficient resource, consists of cogeneration plants with at least 60% efficiency; DTE could again require these certificates to be listed on the label using an arbitrarily selected category, such as oil. The third and fourth categories above could either be included in biomass or other renewable. These four categories accounted for only 14 of the 31.5 million certificates created in the fourth calendar quarter 2002 (11 listed Composite and 3 listed Efficient Resource).

Before GIS, the fuels used by Imports were unknown, and therefore Imports were listed as a separate fuel category. Under GIS, unit imports have a specific fuel source associated with them, and system imports have the average fuel source of the importing region associated with them, so the Import category is no longer needed, and should be deleted.

5. Lastly, during the July 2, 2003 technical session there was discussion of how to report the "known resources" and "system power" categories on the disclosure label.

Before GIS, suppliers knew the fuel used to generate power they contracted for ("known resources"), and did not know the fuel used to generate system power purchased from the electric

grid (“system power”), and therefore system power was assigned the overall fuel mix used in the region. Under GIS, all certificates list the fuel used to generate the associated MWh of electricity, and therefore the distinction of “known resources” and “system power” is no longer relevant. These categories should be deleted from the label.

The Department encourages DTE to issue guidance on the use of GIS as soon as possible, so that Massachusetts’ suppliers will be required to use GIS information on their disclosure labels. We believe this will be a positive step for Massachusetts consumers.

Should you have any questions on our comments, please contact Sharon Weber at 978-975-1138 x343.

Respectfully,

Nancy L. Seidman, Director
Division of Consumer and Transportation Programs
Bureau of Waste Prevention

cc:

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